

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF HAWAII

In the Matter of

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding to Investigate the
Implementation Of Feed-in Tariffs.

DOCKET NO. 2008-0273

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**BLUE PLANET FOUNDATION'S RESPONSE TO THE
NATIONAL REGULATORY RESEARCH INSTITUTE'S
INFORMATION REQUESTS DATED MARCH 16, 2009**

AND

CERTIFICATE OF SERVICE

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Blue Planet Foundation ("Blue Planet"), by and through its attorneys Schlack Ito Lockwood Piper & Elkind, hereby responds to the National Regulatory Research Institute's Information Requests dated March 16, 2009.

VII. IRs to Blue Planet Foundation and other parties contributing to the Schedule FiT

- 1. Please provide all documentation, calculations, and other analysis supporting the specific rates proposed on pages 4-9 of the Schedule FiT attached to Blue Planet's Opening Statement.**

RESPONSE:

The Schedule FIT attached to Blue Planet's initial Statement of Position filed February 25, 2009 ("Blue Planet SOP") did not include any rates, i.e., the columns for rates were left blank. Accordingly, Blue Planet has no documentation, calculations, or other analysis supporting specific rates submitted by other Intervenor Parties in this proceeding. As stated in the Blue Planet SOP:

With regard to rates under the table columns labeled "Feed-in Tariff Rate (¢/kW hour)" on pages 4-9, Blue Planet respectfully reserves the right to comment on rates in the further course of this proceeding. In general, Blue Planet favors rates targeted to ensure that the primary policy objective of the Energy Agreement is

achieved. Such rates may be equivalent to the rates established in the German feed-in Tariff. See KEMA Report at 56-57.

Id.

2. **To the extent that the specific rates proposed on pages 4-9 of the Schedule FiT attached to Blue Planet's Opening Statement are based on feed-in tariffs in other places, please describe:**

- a. **Which FiTs are being utilized for each of the proposed FiT rates.**

RESPONSE:

Please see response to Information Request VII.1, above.

- b. **Whether the proposed FiTs are the same as those elsewhere, save use of dollars instead of Euros. Please provide the exchange rate used to make such calculations.**

RESPONSE:

Please see response to Information Request VII.1, above.

- c. **The basis for any non-exchange rate adjustments from the FiT rates elsewhere.**

RESPONSE:

Please see response to Information Request VII.1, above.

According to pages 10 and 11 of the Schedule FiT attached to the opening

statement:

"Requests for interconnection of Renewable Energy Generating Facilities under this Schedule shall be administered on a first-ready, first-to-interconnect basis, modeled after the queuing procedures proposed by the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") and conditionally accepted by the Federal Energy Regulatory Commission. See 124 FERCTI 61, 183, Midwest Independent Transmission System Operator, Inc., Docket No. ER08-1168-000, Order Conditionally Accepting Tariff Revisions and Addressing Queue Reform, August 25, 2008"

3. **Please explain why the queuing procedures in Midwest ISO are preferable to those of other transmission organizations. Please list the essential elements of the Midwest ISO queuing procedures that you support Hawaii adopting.**

RESPONSE:

The queuing procedures in the Midwest ISO are preferable because they avoid the disadvantages of alternative queuing procedures under which (i) the queue is on a first come, first-served procedures for each technology type, subject to annual and size limits determined by the utility, with fixed 12-month or 24-month project operation deadlines depending on technology type and project size, (ii) the project loses its place in the queue if it does not achieve operation by the deadline, (iii) multiple queues for each technology type by annual limit and size limit are established, (iv) there is a random queuing of viable projects behind non-viable projects for up to 24 or more months based on date of application, and (v) viable projects that either fail to meet an arbitrary 12-month or 24-month deadline or fail to pay the additional fee to stay behind the non-viable projects are dismissed.

The essential elements of the Midwest ISO that Blue Planet supports the adoption of include (i) first-ready-to-interconnect, first-served queuing procedure, (ii) pre-queue system planning and analysis phase, (iii) system impact restudy, (iv) fee to enter the definitive planning stage covers the restudy cost with unpaid balances returned to the customer, (v) technical data and milestones required for entry into definitive planning phase, (vi) demonstration of completion of additional substantive milestones prior to commencement of the utility's facilities study, and (vi) force majeure-only suspension of interconnection agreement.

According to page 10 of the Schedule FiT attached to Blue Planet Foundation's Opening Statement, you support the term for FiT agreements to be 20 years for all eligible renewable energy technology.

4. **Why is 20 years the appropriate time period for FiT agreements? Provide all underlying calculations, workpapers, reports or other information supporting FiT agreements lasting 20 years.**

RESPONSE:

During the March 18-19, 2009 Technical Conference and Settlement Discussions, it was agreed that the standard term for a Schedule FIT Agreement should be twenty years for all eligible renewable resources, provided that appropriate evidence is presented to support this length of term as consistent with the average expected life of each eligible resource.

Consistent with the foregoing, it is noted that the Joint Proposal¹ and Straw Tariff² submitted by the HECO Companies³ and the Consumer Advocate⁴ propose a term of twenty years for solar photovoltaic systems. Joint Proposal at 13, Straw Tariff at 2. The consultant report the HECO Companies and Consumer Advocate submitted in support of their Joint Proposal states that, “[b]ased on recent contracting experience in Hawaii including HECO’s power purchase agreement for the Archer Substation PV project, a 20 year term is proposed for newly installed PV systems.” KEMA, Inc., “HECO Feed-in Program Plan” (Dec. 2008) at 33. Under German FIT legislation, renewable energy technologies are “paid a premium rate that is designed to generate a reasonable profit for investors over a 20-year term.” D. Hinrichs, *Feed-in Tariff Case Studies: A White Paper in Support of The Hawaii Clean Energy Initiative* at 7 (emphasis added), *see also id.* at 21 (Ontario, Canada FIT has 20-year term), *id.* at 24 (2008 U.S. national FIT legislation proposed 20-year contracts); *id.* at 25 (California FIT allows choice of 20-year contract); *id.* at 25-27 (Michigan, Minnesota and Hawaii propose 20-year FIT contracts);

¹ “Joint Proposal on Feed-in Tariffs of the HECO Companies and Consumer Advocate” dated Dec. 23, 2008 (“Joint Proposal”).

² On January 15, 2009, HECO distributed draft versions of its proposed Schedule FIT Tariff, Schedule FIT Agreement (Appendix I), Schedule FIT Overview (Appendix II), and Schedule FIT Program Overview (Appendix III) to the intervenor parties in “straw format” (“Straw Tariff”). E-mail from M. Chun (HECO) to Intervenor Parties dated Jan. 15, 2009.

³ Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc.

id. at 33 (20-year contract term is one of two factors driving success of Germany's and Spain's FITs); P. Gipe, *Renewable Energy Policy Mechanisms* (Feb. 17, 2006) at 23 ("Typical Renewable Tariff Contract Length" table with 20-year contract terms).

DATED: Honolulu, Hawaii, March 30, 2009.



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⁴ State of Hawaii Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this date a copy of the foregoing document was
duly served upon the following individuals by placing a copy of same in the United States Mail,
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